

# More Important Information About Your Student Loans

## Consider These Additional Student Loan Repayment Plan Options

### Income-Sensitive Repayment Schedule

An **income-sensitive schedule** bases your monthly payments on your income, adjusted annually. No monthly payment can be lower than your monthly interest payment. With this schedule, your loan is to be repaid within 10 years. However, if the affect of the decreased installment payments would result in your loan not being repaid within the 10 year-time frame, the lender/servicer must grant you forbearance for up to 5 years.

### Extended Repayment Schedule

An **extended schedule** is an option if all of your FFEL loans were taken after 10/7/98 and they total in excess of \$30,000. You will have up to 25 years to repay your loan.

### Income-Based Repayment Schedule

For payments made on or after July 1, 2009, you can choose an **income-based repayment schedule** which bases your monthly payment on your income and family size. No monthly payment will be more than 15 percent of the amount by which your adjusted gross income exceeds 150 percent of the poverty line for your family size. After 25 years of qualifying payments and economic hardship deferment time, your outstanding loan balance will be forgiven and that amount may be taxable.

## Sample Student Loan Monthly Repayment Plans Based on 6.8% Fixed Interest Rate

Initial Balance	Standard 120 Payments			Graduated 120 Payments				Extended Up to 300 Payments				Income Sensitive Up to 180 Payments			
	Mo. Pmt	Interest Pd	Total Pd	Years	Mo Pmt	Total Interest Pd	Total Amount Pd	# Pmts	Mo Pmt	Interest Pd	Total	Years	Mo Pmt	Total Interest Pd	Total Amount Pd
\$10,000	\$115	\$ 3,810	\$13,810	1 - 2	\$ 57	\$ 4,353	\$14,353	N/A	N/A	N/A	N/A	1 - 5	\$ 157	\$ 4,490	\$14,490
				3 - 10	\$ 135							6 - 11	\$115		
\$20,000	\$230	\$ 7,619	\$27,619	1 - 2	\$ 113	\$ 8,706	\$28,706	N/A	N/A	N/A	N/A	1 - 5	\$113	\$ 8,979	\$28,797
				3 - 10	\$ 271							6 - 11	\$230		
\$30,000	\$345	\$11,429	\$41,429	1 - 2	\$ 170	\$13,059	\$43,059	240	\$ 229	\$24,961	\$54,961	1 - 5	\$170	\$13,469	\$43,469
				3 - 10	\$406							6 - 11	\$345		
\$40,000	\$460	\$15,239	\$55,239	1 - 2	\$ 227	\$17,412	\$57,412	300	\$ 278	\$43,289	\$83,289	1 - 5	\$227	\$17,959	\$57,959
				3 - 10	\$ 541							6 - 11	\$460		

You may request to change your repayment plan at any time, but your lender/servicer may limit you to one change each year.

## Loan Cancellation and Forgiveness

Under certain circumstances, your student loan or a portion of it may be cancelled, forgiven, or discharged and you won't be responsible to repay it.

Your loan may be discharged if:

- you die;
- you are totally and permanently disabled;
- your school fails to pay a refund if you withdraw;
- you are unable to complete your program of study due to school closure;
- your loan was falsely certified as a result of an identity theft;
- your school falsely certified or fraudulently completed a loan application in your name without your approval;
- you prove undue hardship in an adversary proceeding before the bankruptcy court; or
- you are the spouse or parent of an eligible public servant who died or became permanently and totally disabled due to physical injuries suffered in the attacks on September 11, 2001.

Programs offering loan forgiveness/loan repayment as a result of public service include:

- Teacher Loan Forgiveness Program
- Loan Forgiveness Program for Service in Areas of National Need
- Loan Repayment Program for Civil Legal Assistance Attorneys
- Public Service Loan Forgiveness Program
- Federal Student Loan Repayment Program

For more information on loan forgiveness programs, go to HESC.org. If you have any questions about your loan, contact your lender/holder of your loan.



## Options to Consider if You Can't Make Your Student Loan Payments

### Deferment

A **deferment** delays payment if you meet certain criteria including unemployment, rehabilitation training, economic hardship, graduate fellowship, military service or are enrolled at least half-time in various academic programs. While on an approved deferment, the federal government will pay interest accruing on your subsidized Stafford Loans.

### Forbearance

**Forbearance** is an option that temporarily suspends or reduces payments. You must be granted forbearance if you:

- serve in a medical or dental internship or residency program;
- serve in a national service position for which you receive a national service education award under the National and Community Service Trust Act of 1993;
- qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense;
- qualify for loan forgiveness under the Teacher Loan Forgiveness Program, if you meet certain criteria (for up to five years);
- have a monthly debt burden for title IV loans that collectively equals or exceeds 20% of your total monthly gross income (for up to three years); or
- are called to active duty in the U.S. Armed Forces.

Your lender/servicer also has discretion to grant forbearance to help you during periods of personal problems, such as poor health and economic hardship, or to eliminate a delinquency that persists although you are making your scheduled monthly payments.

In addition, administrative forbearance for up to 60 days may be granted in order to collect and process documentation supporting your request for a deferment, forbearance, and change in repayment plan, consolidation, or discharge.

### Loan Consolidation

If you have more than one loan, including any in default, you can combine them into one new, fixed interest loan with one monthly payment for a term up to 30 years, based on your balance.

Remember, the longer you take to repay your loan the more interest you pay over the life of the loan.

You must be in your grace period or repayment status to apply for a federal **consolidation loan**.

You do not have to consolidate all of your loans. Before consolidating, check with the holders of your loans to review the effects of consolidation to make sure you do not lose any benefits. For example, you may choose keep your Perkins loan separate from your consolidation so that you can maintain the forgiveness options.

You choose the consolidating lender, so do your research to find out what benefits, if any, are offered, as well as the repayment plan. If a Federal Parent PLUS loan is included in the consolidation, all but the income-based repayment option are allowed. Consider this example:

You have four loans you're considering consolidating:

Loan A with a \$2,625 balance at 4.13 percent interest    Loan C with a \$5,500 balance at 6.10 percent interest  
Loan B with a \$3,500 balance at 5.20 percent interest    Loan D with a \$5,500 balance at 6.80 percent interest

If you consolidate all of these loans – a total balance of \$17,125 – you'll have **15 years (180 months)** to repay your Consolidation Loan at a fixed interest rate of **5.875 percent**.

If you repay your Consolidation Loan under an equal repayment plan, your monthly payment will be **\$143.36**. In the end, you will have paid **\$25,804.18**, which includes **\$8,679.18** in interest.

As with other federal student loans there is no penalty for prepayment and you may request to change your repayment plan at any time, but your lender/servicer may limit you to one such change each year.

## Student Loan Tax Benefits

The Federal Education Loan Interest Deduction provides a \$2,500 tax deduction for the interest paid during repayment on a qualified student education loan.

